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SUMMARY: IN A THREL-HOUR MEETING ON THE MORNING OF JUNE 15, SECRETARY HAIG AND PRC VICE PREMIER AND FOREIGN MINISTER HUANG HUA DISCUSSED BILATERAL RELATIONS, THE TAIWAN ISSUE, AFGHANISTAN, SOUTHEAST ASIA AND KAMPUCHEAT THIS CABLE FORWARDS THE MEMORANDUM OF THE CONVERSATION COVERING BILATERAL ISSUES AND TAIWAN. THE INTERNATIONAL ISSUES MEMCON WILL BE FORWARDED SEPTEL.

AT HUANG'S INVITATION, THE SECRETARY OPENED WITH A PRESENTATION OF THE REAGAN ADMINISTRATION®S INTENTION TO TREAT THE PRC AS A FRIENDLY NATION WITH WHICH THE US IS NOT ALLIED BUT SHAKES MANY COMMON INTERESTS. STATED THE ADMINISTRATION\*S INTENTION TO INTRODUCE LEGISLATION AMENDING US LAWS WHICH LUMP THE PRC WITH THE SOVIET BLOC, OUTLINED NEW CHANGES IN EXPORT CONTROL PROCEDURES AND EXPRESSED THE PRESIDENT'S INTENTIONS WITH REGARD TO MUNITIONS CONTROL.

AS EXPECTED, HUANG RESPONDED

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THE SECRETARY RESPONDED BY REITERATING PRESIDENT
REAGAN'S ASSURANCES THAT US RELATIONS WITH THE PEOPLE
OF TAIWAN WILL REMAIN UNOFFICIAL, EVEN AS WE MAKE
EFFORTS TO CORRECT PAST INDIGNITIES IMPOSED ON TAIWAN
FOLLOWING NORMALIZATION. HE INDICATED THAT US ARMS
SALES TO TAIWAN WOULD GO FORWARD, BUT THAT NO DECISION
ON AIRCRAFT WOULD BE TAKEN BEFORE THE END OF THIS YEAR,
WHILE PROVISION OF SOME AIRCRAFT WOULD BE NECESSARY
BEFORE THE END OF 1982, TO REPLACE AIRCRAFT AS THEY
WEAR OUT. IN RESPONSE TO HUANG'S ATTACKS ON THE TAIWAN
RELATIONS ACT (TRA), THE SECRETARY NOTED THAT IT HAD
BEEN PASSED WITH STRONG, BIPARTISAN SUPPORT AND WAS THE

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OPTIONAL FORM 153/ (Formerly FS-413A January 197\* Dept. of State LAW OF THE LAND, THOUGH WE WOULD IMPLEMENT IT IN A WAY FULLY CONSISTENT WITH THE JOINT COMMUNIQUE NORMALIZING US-CHINA RELATIONS. HE STRESSED THE IMPORTANCE OF OUR STRATEGIC COOPERATION AS A LARGER CONCERN DRIVING BOTH SIDES IN THE RELATIONSHIP, AND INDICATED THAT JUST AS THE US WOULD TAKE ACCOUNT OF CHINESE SENSITIVITIES THERE WAS A NEED FOR BELLING TO TAKE ACCOUNT OF US SENSITIVITIES, AND ESPECIALLY TO REACT TO OFFICIAL US STATEMENTS AND DEEDS RATHER THAN THE UNOFFICIAL STATEMENTS OF PRIVATE CITIZENS, TAIWAN PRESS, OR OTHERS REGARDING US POLICIES AND ACTIONS REGARDING TAIWAN.

IN OTHER AREAS, THE TWO SIDES EXPRESSED HOPE OF CONCLUDING AGREEMENT ON TWO NEW CONSULATES, IN NEW YORK
AND SHENYANG, AND DISCUSSED NUCLEAR MATTERS, AND THE
SECRETARY OF COMMERCE'S PROPOSAL FOR A NEW JOINT
COMMISSION ON TRADE AND COMMERCIAL RELATIONS. HUANG'S
RESPONSES IN THE LATTER AREAS WERE BRIEF, BUT POSITIVE.
END SUMMARY.

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HUANG XEE GOOD HORLING. ARE YOU RESTED? DID YOU

HAVE A CHANCE TO RELAX AND EXERCISE?

SECRETARY YES, I SLEPT WELL AND DIGESTED ALL THAT

THE WONDERFUL BANGUET FOOD -- LIKE/XXXX PYTHON

WHO SWALLOWED A PIG.

HUANG AND MR. HOLDRIDGE?

HOLDRINGE YES, I HAD A NICE REST LAST NIGHT AND WENT

RUNNING THIS "ORNING.

HUANG HOW IS GENERAL WALTERS?

HOLDRIDGE HE'S FINE AND OFF TO WORK.

HUANG CAN I TAKE IT THAT TODAY WE WILL FOCUS ON

PERHAPS

BILATERAL QUESTIONS? XXXXXXXX/WE SHOULD

START WITH BILATERAL MATTERS AND THEN

TURN BACK TO THE INTERNATIONAL SITUATION.

SECRETARY I THINK THAT IS A GOOD WAY TO PROCEED, SO

WE CAN BE SURE TO COVER THE BILATERAL

ISSUES: WE CAN SPEAK FOREVER ON THE INTER-

NATIONAL SITUATION.

HUANG MRS. HAIG GOES TO THE GREAT WALL TODAY.

SECRETARY I PROMISED HER A MOST IMPRESSIVE SCENE.

I REMEMBER WELL CLIMBING UP THE WALL.

HUANG IT'S A REXEEF REAUTIFUL DAY TODAY. GOOD FOR

CLIMBING. LET'S START.

SECRETARY I THOUGHT IT WOULD BE HELPFUL TO DISCUSS

RECENT TALKS WE HAVE HAD IN WASHINGTON

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REGARDING BILATERAL TRADE, AND TRANSFER OF ITEMS SUCH AS TECHNOLOGY AND ARMAMENTS. LAST NIGHT N IN YOUR ELOQUENT TOAST YOU HAS TOUCHED UPON HOW FAR OUR RELATIONSHIP/NAD PROGRESSED AND THE NEED TO CONTINUE THIS PROCESS. I WANT YOU TO KNOW PRESIDENT REAGAN INTENDS TO DEAL AND CONDUCT RELA-TIONS WITH CHINA AS A FRIENDLY COUNTRY WITH WHICH WE ARE NOT ALLIED BUT WITH WHICH WE SHARE MANY COMMON INTERESTS; AND FOR THIS REASON, PRESIDENT REAGAN NOW INTENDS TO PROPOSE TO CONGRESS NEW LEGISLATION WHICH WOULD AMEND MANY US LAWS DATING FROM OUR PAST ADVERSARIAL RELATIONSHIP WHICH LUMP CHINA WITH THE SOVIET BLOC AND DISCRIMINATE AGAINST IT. WE INTEND TO CHANGE THESE LAWS. WE CONSIDER THESE CHANGES NECESSARY TO THE US BECAUSE I BELIEVE A STRONG VIABLE CHIMA IS IN AMERICA'S INTEREST, AS I SAID IN MY TOAST LAST NIGHT.

WITH THAT/IN MIND, PRESIDENT REAGAN HAS

ALREADY ISSUED A DIRECTIVE TO THE EXECUTIVE

BRANCH INCREASING THE POSSIBLE LEVEL OF

TECHNOLOGY TRANSFER TO CHINA. THE PRESIDENT

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ALSO INTENDS TO SUSPEND THE PROBIBITION ON ARMS SALES TO CHINA AND CONSIDER M ANY REQUESTS FOR THE EXPORT OF MUNITIONS TO CHINA ON A CASE BY CASE BASIS, JUST AS WE DO WITH ALL OTHER FRIENDLY NATIONS. WOULD NOT BE OUR PURPOSE IN THIS VISIT TO SEEK TO ENGAGE IN DISCUSSION ON SPECIFIC ITEMS, AND I HAVE DISCUSSED WITH SECRETARY OF DEFENSE WEINBERGER HOW BEST TO PROCEED. HE HAS SUGGESTED THAT I USE THIS VISIT TO INVITE YOU TO SEND A REPRESENTATIVE TO WASHINGTON -- PERHAPS PLA GENERAL STAFF VICE CHIEF LIU HUAQING -- TO THE US LATER THIS SUMMER TO DISCUSS WHAT TYPES OF SPECI-FIC EQUIPMENT AND TECHNOLOGY MIGHT BE OF INTEREST TO YOUR SIDE.

IT WOULD NOT BE OUR INTENTION TO ANNOUNCE
THIS NEW ARRANGEMENT UNTIL WE HAVE CONSULTED
FULLY WITH AFFECTED ALLIES AND DISCUSSED
WXXM THIS MATTER, WHICH IS OF SOME SENSITIVITY, WITH THE US CONGRESS.

IN SUMMARY, WHAT WE ANTICIPATE, DEPENDING ON XMR YOUR DWN MISHES, IS, FIRST, TO TAKE

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A FAR MORE FORTHCOMING APPROACH TO TEEM
TECHNOLOGY TRANSFER -- WHAT WE CALL "DUALUSE"
WE /TECHNOLOGY WITH COMMERCIAL AND
MILITARY SIGNIFICANCE -- AND TO REMOVE
CHINA FROM THE SO-CALLED MUNITIONS LIST.
THIS HAS BEEN EXPRESSED TO YOU BEFORE, BUT
NOTHING HAS HAPPENED; SO I BELIEVE YOU WILL
SEE, DEPENDING ON YOUR OWN WISHES, A MUCH
B
MORE FLEXIELE AND FORTHCOMING US POSITION
ON TECHNOLOGY TRANSFER AND THE POSSIBLE
EXPORT OF ARMS WHICH MIGHT BE OF INTEREST
TO YOU.

I HAVE SEVERAL OTHER BILATERAL IX TOPICS TO MENTION, BUT PERHAPS YOU HAVE QUESTIONS YOU WELL WOULD LIKE TO RX RAISE ON THESE SUBJECTS BEFORE WE PROCEED.

HUANG

THINKING ON TRADE WITH CHINA AND TRANSFER

OF TECHNOLOGY TO CHINA, AND I WOULD LIKE TO

QUESTION

DEAL WITH THE/QUESTION

CHINA AND THE US -- THE TAIWAN QUESTION,

AND PARTICULARLY THE ARMS QUESTION.

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I WELCOME YOUR MEASURED AND IMPORTANT COMMMENTS ON THE SUBJECT OF TAIWAN. AS YOU
KNOW, I AM NOT A NOVICE ON THE HISTORICAL
EVOLUTION OF THIS QUESTION. I RECALL
VIRIDLY DISCUSSIONS HERE IN THE EARLY
1970'S ASSOCIATED WITH THE DEVELOPMENT OF
THE SHANGHAI COMMUNIQUE. THROUGHOUT THE
NORMALIZATION PROCESS, BOTH CHINA AND/K
US HAVE BENEFITTED FROM REASONED APPROACHES

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FUNDAMENTALLY, THE CATALYST HAS BEEN UNDERSTANDING AND VISION OF LEADERSHIP ON BOTH
DEALT
SIDES AS THEY/BEXKEN WITH THESE DIFFICULT
QUESTIONS. UNFORTUNATELY, IN OUR CYCLES
OF FOUR YEARS, US POLITICAL DISCUSSION
BECOMES PUBLIC AND INTERNATIONALIZED,
AND THIS POSES A THREAT TO THE PROCESS
ITSELF. IT IS MY FIRMLY HELD VIEW THAT
STATESMEN AND NATIONAL LEADERS CANNOT BE
DIVERTED FROM THE FUNDAMENTAL REALITY OF
THE US-CHINA RELATIONSHIP.

FOR THAT REASON, AND IN THE SPIRIT OF FRANKNESS THAT HAS ALWAYS CHARACTERIZED

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WANT TO ADDRESS SEVERAL ISSUES YOU'VE
RAISED, ABOVE ALL SPEAKING ON BEHALF OF
PRESIDENT KX REAGAN ON THE BASIC PRINCIPLES
UNDERLYING US POLICY ON TAIWAN. FIRST,
THERE CAN BE NO QUESTION THAT THE US IS
FIRMLY COMMITTED TO THE FRAMEWORK OF RELATIONS IN THE JOINT COMMUNIQUE OF JANUARY 1,
1979. THE PRESIDENT AND HIS ENTIRE
ADMINISTRATION SUPPORT THIS COMMITMENT.
OUR DEALINGS WITH TAIWAN WILL REMAIN
UNOFFICIAL -- PEOPLE-TO-PEOPLE, AS
T
ESBABLISHED IN THAT COMMUNIQUE.

I MUST REITERATE WHAT WE HAVE SAID IN THE

PAST, THAT THE TAIWAN RELATIONS ACT WAS

NECESSARY FOR ESTABLINHING A LEGAL BASIS

FOR UNOFFICIAL CONTACT WITH THE PEOPLE OF

HAVE

TAIWAN. WE/MYEX NOT FROM THE BEGINNING,

AND WILL NOT IN THE FUTURE, VIEW THAT

ACT AS IN ANY SENSE CONTRADICTORY TO THE

PRINCIPLES OF THE JOINT COMMUNIQUE WHICH

ACCUPTED.

WE HAVE/MEERKERNEY THE FUNDAMENTAL REALITY

IS THAT WE WILL ONLY IMPLEMENT THAT ACT IN

A MANNER CONSISTENT WITH THE COMMUNIQUE.

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Charlette atton

I CAN ASSURE YOU THAT, TWO MONTHS AGO,
PRESIDENT REAGAN APPRECIATED AMBASSADOR
CHAI'S REITERATION OF THIS POINT IN A
MEETING IN WHICH I AND AMBASSADOR HOLDRIDGE
PARTICIPATED.

SHOULD I/ALSO ADD THAT THE US SIDE NOTES WITH SATISFACTION CONTINUING REDUCTION OF TENSION IN THE TAIWAN STRAIT AND WE GREATLY APPRECIATE THIS CHINESE APPROACH WE ALSO AND ATTITUDE. /WELK WELCOME THE FORMS OF INDIRECT CONTACT WHICH HAVE EVOLVED IN RECENT YEARS, FOR EXAMPLE, INDIRECT TRADE, CASUAL OVERSEAS CONTACTS AND OCCA-SIONAL TRAVEL. WE NX HOPE THAT SUCH CON-TACTS MAY DEVELOP FURTHER. WE WELCOME AND SUPPORT THESE CONTACTS AS THEY EVOLVE. WE DON'T BELIEVE, HOWEVER, THAT IT IS DESIRABLE OR APPROPRIATE FOR US TO TAKE A DIRECT ROLE IN PROMOTING SUCH CONTACTS OR IN BROKERING A SOLUTION TO THE

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TAIWAN PROBLEM. THET IS SOMETHING WHICH
YOUR GOVERNMENT WILL HAVE TO WORK OUT WITH
TAIPEI.

NOW I WANT TO COMMENT ON THE GENESIS OF THE TAIWAN RELATIONS ACT ITSELF AS IT APPLIES TO US ARMS SALES TO TAIWAN, A SENSITIVE C QUESTION WE AGREE. INDIDENTALLY, I WANT TO EMPHASIZE THAT THE IX TAIWAN RELATIONS ACT WAS A PRODUCT OF BIPARTISAN CONGRESSIONAL ACTION. EVEN THE MOST PRO-NORMALIZATION ADVOCATES, SUCH AS SENATOR GLENN, WERE IT IS, STRONG SUPPORTERS OF THIS ACT. / BMIXINE

### IMRORIAMIXABREET

FOR BETTER OR WORSE, THE LAW OF THE LAND
IN THE US. BUT THE IMPORTANT ASPECT TO
RECALL IS THAT AT THE TIME OF NORMALIZATION THE US SIDE INDICATED IT WOULD
CONTINUE TO MAKE AVAILABLE TO TAIWAM
CERTAIN CAREFULLY XXX SELECTED DEFENSIVE
WEAPONS. WE HAVE DONE THIS, BEARING IN
MIND THAT CHINA IS -- AS FROM THE OUTSET -B
STRONGLY OPPOSED, AS IT MUST BE, FOR HOTH
POLITICAL AND STRATEGIC REASONS. AND I
BELIEVE, BOTH SIDES, AT THE TIME/ERXXX

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MORMALIZATION, WERE AWARE OF THEOR

DIFFERENCES AND WERE PREPARED TO PROCEED DRIVEN DESPITE THESE DIFFERENCES, / DRIVEN BY EVEN LARGER CONSIDERATIONS.

I HAVE ALWAYS SEEN THE TAIWAN QUESTION AS A WHEEL WITHIN A LARGER WHEEL. I KNOW WE HAVE BOTH BEEN DOMINATED BY THE PERCEP-TION THAT THE LARGER WHEEL MUST CONTINUE TO DOMINATE THE DIFFERENCES EMBODICD IN THE SMALLER WHEEL. IN THE SMALLER WHEEL, JUST AS CHINA HAS ITS IMPERATIVES, SO THE US MX MUST MANAGE ITS OWN; AND I SPEAK FRANKLY WHEN I SAY THAT, POLITICALLY, THE AMERICAN PEOPLE AND THEIR ELECTED REPRE-SENTATIVES HOULD NOT HAVE TOLERATED A TOTAL EMX CUTOFF RMXBRRX/ OF ARMS SALES TO TAIWAN, WHOSE PEOPLE HAVE SO LONG BEEN CLOSELY ASSOCIATED WITH US. STRATEGICALLY IT WOULD SERVE NEITHER US MOR CHINESE INTEREST TO DRIVE X TAIWAN PRECIPITOUSLY INTO A POSTURE OF DESPERATION. RATHER THAN ACCEPTING THE OBJECTIVE OF INEVITABLE RECONCILIATION WITH THE PEOPLES REPUBLIC OF CHINA, TAIWAN AUTHORITIES COULD EASILY EXPLORE A SOVIET

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OPTION OR, EVEN MORE DANGEROUSLY, ATTEMPT P
DEVELOPMENT OF A SERARATE NUCLEAR CAPABILITY. THESE ARE DANGERS WE MUST AVOID.

ALL THESE FACTORS, POLITICAL AND STRATEGIC, CERTAIN DICTATE PROVISION OF/EXRXXN MODEST DEFENSIVE WEAPONRY TO TAIWAR, FOR THE FORESEEABLE FUTURE. WE MADE IT VERY CLEAR AT THE TIME OR NORMALIZATION THAT WE WOULD CONTINUE TO PURSUE THIS POLICY. NOTHING WE. WILL DO IN THE FUTURE WILL DEPART FROM WHAT WE HAVE SAID AND DONE IN THE PAST. RECOGNI-WE WILL DO SO WITH VERY SENSITIVE/RECOR TION OF THE ACUTE SENSITIVITIES OF THIS MATTER FOR YOU, AND WE WILL ACT WITH PRUDENCE AND RESTRAINT, ALWAYS WITH RESPECT FOR YOUR SENSITIVITIES WHICH YOU HAVE ALWAYS TOLD MSE US CLEARLY FROM THE FIRST DAYS OF OUR DISCUSSIONS.

I WANT ALSO TO EMPHASIZE THAT, CORRECTLY
OR INCORRECTLY, SOME AMERICANS BELIEVE THAT
AFTER THE NORMALIZATION COMMUNIQUE THAT
WI TAIWAN WAS DEALT WITH UNNECESSARY
BRUTALITY BY LEADERS OF WASHINGTON AND AS
PRESIDENT REAGAN TOLD YOUR AMBASSADOR YOU

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CAMMOT HAVE RELIANCE, HERE IN SELVING, ON A NATION WHICH WILL CALLOUSLY DEPART FROM FUNDAMENTAL AND PRINCIPLED, MORAL OBLIGATIONS TO ITS FRIENDS.

REGARDING ARMS TO TAIWAN, WE'VE MADE NO
DECISIONS ON FUTURE SALES. MOST IMPORTANTLY,
THERE HAS BELN NO DECISION ON PROVISION
OF FIGHTER AIRCRAFT TO TAIWAN. WE DO
NOT ANTICIPATE A DECISION ANY TIME THIS
YEAR. THIS IS DRIVEN FIRST AND FOREMOST
BY OUR RECOGNITION OF THE SEMSITIVITY
OF THE ISSUE HERE. IT IS CLEAR, HOWEVER,
THAT THIS QUESTION WILL HAVE TO BE ADDRESSED,
AS AIRCRAFT IN TAIWAN WEAR OUT IN 1982.
AGAIN, I EMPHASIZE THAT THIS QUESTION WILL
BE DEALT WITH THE UTMOST CAUTION AND
PRUDENCE AND CONCERN FOR THE SEMSITIVITIES
HERE, WHICH WE SHARE.

NOW, FRANKLY, ONE OF THE GREAT PROBELMS

JUST BEFORE MY VISIT WAS A PASH OF NUMS
PAPER SPECULATION ABOUT WHAT WE WOULD DO

ON SALES OF ARMS TO CHINA AND TO THE PEOPLE

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OF TAIWAN, AND IT FORCED US TO MAKE SOME STATEMENTS OF OUR OWN TO TRY TO KEEP THIS SPECULATION UNDER CONTROL. THAT WAS UNFORTUNATE BECAUSE IT POSED GREAT DIFFICULTIES HERE; BUT, HAD WE LET THOSE RUMORS GO UNCHALLENGED, THE PROBLEMS HERE WOULD HAVE BEEN EVEN GREATER. UNFORTUNATELY, IN THE U.S. SYSTEM, WE DO NOT HAVE THE ABILITY OR AUTHORITY TO LIMIT STATEMENTS BY PRIVATE CITIZENS CRRICKS, SOME OF WHOM DEER FORMER GOVERNMENT OFFICIALS; BUT WE DO STRONGLY URGE THAT CHINA TAKE ACCOUNT OF OUR OFFICIAL STATEMENTS AND DEEDS, NOT THE REMARKS OF FORMER OFFICIALS, NO MATTER WHAT POSITION THEY NAKEX HELD.

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IN SUM, WE NEED CHINA'S TOLERANCE ON THIS
ISSUE AND ITS UNDERSTANDING THAT WE WILL
MEET OUR WORD. AS PART OF THIS NECESSARY
TOLERANCE ON YOUR PART, WE FRANKLY FEEL LESS
PUBLICITY IS BEST. WE CANNOT PREVENT
TAIWAN FROM CLAIMING THAT THERE IS MORE
GOING ON THAM THERE IS. IT IS IN THEIR
INTEREST TO DO SO. WE ASK YOU NOT TO
OVERREACT TO TAIWAN PRESS X STORIES

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WHICH ARE SELF-SERVING, AND OFTEN INACCURATE,
AND WHICH COULD DAMAGE OUR RELATIONS,
AFFECT THE LARGER WHEEL, AND INTERFERE
WITH FURTHER NORMALIZATION. OUR NORMALIZATION IS BASED ON OVERALL STRATEGIC
IMPERATIVES, AND WE MUST SAFEGUARD THIS, TO
PRESERVE WORLD PEACE AND TO OPPOSE HEGEMONISM.

HUANG

I'LL SAY A WORD OR TWO ABOUT WHAT YOU SAID.

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ACCEPTED, AND INDEED ADMIRED. I ASSURE
YOU THAT UNDER PRESIDENT REAGAN THERE
WILL BE NO STEPS TAKEN WHICH WILL DO

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AND THAT HAVE BEEN PART OF OUR EXAM DIALOGUE SINCE 1972. I REMIND YOU OF THE SHANGHAI COMMUNIQUE, IN WHICH WE ACCEPTED THAT TAIWAN IS A PART OF CHINA; AND WE WILL NOT DO ANYTHING WHICH DEPARTS FROM THAT BASIS.

HUANG

GOOD.

SECRETARY

I WOULD LIKE TO MAKE SOME OTHER BILATERAL OBSERVATIONS BRIEFLY. FIRST, WE WOULD LIKE TO PARTICIPATE IN YOUR NUCLEAR POWER DEVELOPMENT. I AM VERY PLEASED THAT A U.S. DELEGATION WILL BE COMING HERE FOR TALKS ON THIS NEXT MONTH, WHICH I HOPE CAN LEAD TO SOME COLLABORATION AND COOPERATION BETWEEN US. SECOND, WITH RESPECT TO THE ISRAELI RAID ON THE IRAQI NUCLEAR FACILITY THAT YOU MENTIONED LAST NIGHT, WE ARE VERY CONCERNED THAT THE EXPORT OF NUCLEAR MATERIAL FROM CHINA NOT OCCUR WITHOUT NUCLEAR SAFEGUARDS. THIRD, I JUST WANT TO TOUCH UPON OUR HOPES THAT TALKS MR. HOLDRIDGE WILL HAVE

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WILL SETTLE DETAILS OF CONSULAR OURSTIONS-WHICH I UNDERSTAND ARE CLOSE TO CON-CLUSION ON HER YORK AND SHENYANG. WE HAVE ACCEPTED YOUR BASIC POSITION AND PERHAPS THIS COULD BE CONCLUDED AND ANNOUNCED BURING THIS VISIT, THAT IS AGREEMENT ON BOTH SIDES. LASTLY, IN MY MEETING WITH BO YIBO, I WILL TALK ABOUT SOME COMMERCIAL ACTIVITIES TO INCLUDE SOME PROPOSALS BY OUR SECRETARY OF COMMERCE TO DEAL WITH TRADE WITH CHINA, WHICH I BELIEVE YOUR COLLEAGUES ARE FAMILIAR WITH BUT ARE NOW AN APPROVED U.S. POSITION.

GENERAL WALTERS IS NOW BUSY WITH MR. WU XIUQUAN. "R. DOWNING WILL PERIODICALLY PROVIDE SUCH BRIEFINGS IN FUTURE. CONFIDENCE IN MR. DOWNING; HE'S A VERY PROFESSIONAL OFFICER. IF YOU FIND, HOWEEXERY HOWEVER, THAT THESE BRIDGINGS ARE NOT PROCEEDING AS YOU WOULD LIKE, XREYNSE PLEASE **XEXXX** ADVISE US AND WE WILL MAKE APPROPRIATE CHANGES.

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